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COMMONWEALTH OF MASSACHUSETTS
METROPOLITAN DISTRICT COMMISSION
DIVISION OF WATERSHED MANAGEMENT
TRANSPORTATION PROPOSAL

GOVERNMENT DOCUMENTS
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MOTOR VEHICLE MANAGEMENT BUREAU

The Commonwealth of Massachusetts
Motor Vehicle Management Bureau
One Ashburton Place, Boston, Massachusetts 02108

MICHAEL S. DUKAKIS
Governor

ERNEST C. SOFIS, CFM
Fleet Administrator

TO: Ernest C. Sofis, Fleet Administrator

FROM: Stephen Corbett, Deputy Fleet Administrator

RE: Transportation Proposal

Attached please find the Transportation Proposal conducted by the Motor Vehicle Management Bureau and the Metropolitan District Commission - Division of Watershed Management.

This document details the costs/benefits of the proposed system.

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INTRODUCTION

The purpose of this proposal is to review the present system for providing transportation for employees of the Metropolitan District Commission - Division of Watershed Management. We have identified problem areas and have made recommendations to overhaul the present system, reduce transportation costs, and eliminate abuses of the present system. In so doing, we have endeavored to develop recommendations that are cost effective and which can be readily implemented.

The resulting document provides a solid, practical analysis to the proposed Metropolitan District Commission - Division of Watershed Management - transportation system.

EXISTING MDC TRANSPORTATION SYSTEM:

Presently, the MDC - Division of Watershed Management leases 14 vehicles per year. These vehicles are pick-up trucks and vans and one five ton dump truck. These vehicles are used year round to manage an area in excess of 80,000 acreas of M.D.C. Watershed lands. These 14 vehicles have been leased since the fall of 1986, due to an extreme vehicle shortage experience by the Division of Watershed Managememt. Recently, 7 of these 14 leased vehicles were returned to dealers due to a lack of rental funds. This current situation has a tremendous impact on the ability of the Division of Watershed Management to perform it's most important functions. Also, the 7 vehicles still under lease are using commercial plates and are paying expensive commercial insurance which is included in the lease.

MDC - Division of Watershed Management - has spent $130,000 on vehicle leases during FY'87. Currently, the Division is spending at a rate which will run in excess of $100,000 for FY'88.

TRANSPORTATION COST OF EXISTING MDC - DIVISION OF WATERSHED MANAGEMENT

The following is a cost analysis of the present transportation system.

Number of lease vehicles ..... 14 vehicles

Yearly cost of leased transportation $130,000

FUEL COST:

15,000 miles per year (est.) x 14 (veh.) ..... 210,000 miles

210,000 miles / by 24 mpg ..... 8,750 gallons

8,750 gallons x $.65 per gallon $5,687

REPAIR AND MAINTENANCE:

$330 (average cost) X 14 (veh.) ..... $4,620.

Miscellaneous Costs:

a) Car Washes

$4 (per car wash) x 1 (a month) = $4 per mo/per vehicle

$4 x 12 (months a year) x 14 (veh) = $672.

b) Wear and Tear Clause (In Lease)

$300.00 (average yearly cost) x 14 (vehicles) = $4200.

A recap the total Annual Costs of the present transportation system for the MDC - Division of Watershed Management would be as follows :

Lease Cost (14 vehicles)	.....	$130,000
Fuel Costs	.....	$ 5,687
Repair & Maintenance	.....	$ 4,620
Car Washes	.....	$ 672
Wear & Tear Clause	.....	$ 4,200
Total Cost Per Year	.....	$145,179

It costs the MDC $10369 per vehicle/per year to Lease the 14 vehicles

$145,179 / 14 vehicles $10,369

It is important to remember that these leased vehicles are utilized 12 months a year. The MDC is receiving no equity or vehicles as a result of this costly arrangement.

MOTOR VEHICLE MANAGEMENT BUREAU PROPOSED TRANSPORTATION SYSTEM

The following is a cost analysis of the projected plan by MVMB and MDC - Division of Watershed Management. This system would replace the current practice of leasing vehicles.

VEHICLE PURCHASE COST:

14 vehicles x $11,000 per vehicle .....$154,000.
Deduct $500 trade-in value after 6 years of use.....$ 7,000.
Net purchase price .....$147,000.
Purchase price amortized over 6 years .....$24,500.

FUEL COST:

15,000 miles per year (estimated) x 14 (veh)..... 210,000 miles
210,000 miles / by 24 mpg..... 8,750 gallons
8,750 gallons x $.65 per gallon..... $5,687

REPAIR AND MAINTENANCE:

$248 (in house costs) X 14 (veh)..... $3,472.

MISCELLANEOUS COSTS:

a) Car Washes

$4 (per car wash) x 1 (a month) = $4 per mo/per vehicle

$4 x 12 months a year x 14 (veh) = $672

Registrations Plates

$1.40 (per plate) x 2 (plates per vehicle) x 14 (veh) = $39

The total cost to implement the new system per year would be a combination of that years amortized purchase cost, the fuel cost, repair and maintenance, and miscellaneous cost.

A recap of the annual costs that make up the proposed transportation system are as follows :

Purchase price (amortized over 6 years)	$24,500
Fuel costs	$ 5,687
R&M costs	$ 3,472
Car washes	$ 672
Registration plates	$ 39
Total cost	$34,370

COMPARISON OF BOTH TRANSPORTATION SYSTEMS

By comparing the proposed system costs and the exsisting costs we can see that the proposed system would create a $664,854 cost reduction to the MDC - Division of Watershed Management over a six year period

This is reflected as follows:

CURRENT TRANSPORTATION COSTS (Lease costs)

$145,179 (per year) x 6 years $871.074

Deduct proposed transportation cost for 6 years $206,220

Cost reduction to MDC -
Division of Watershed Management $664,854

A breakdown of the cost saving on a yearly basis shows that the MDC would save $110,809 per year

$664,854/ 6 YEARS (6 year cost saving / 6 years) $110,809

BENEFITS OF PROPOSED SYSTEM

The benefits that can be realized as a result of adopting the proposed system are:

1) Substantial reduction in the transportation costs to the MDC - Division of Watershed Management.

2) Easier identification of vehicles will give managers at MDC the capability for better utilizing available resources. This could lead to an additional reduction in private mileage payments as a result of better utilization of MDC owned vehicles.

3) State license plates as well as decals will help to reduce any unauthorized personel use of vehicles by MDC employees.

CONCLUSION:

The current transportation system is costly, lacks control and creates concerns for the future transportation needs of the Division of Watershed Management. The proposed system will realize a substantial cost savings to the Commonwealth and the MDC. The new system will also enable the Commonwealth to own VS lease its vehicle requirement.

In order to execute this plan, the funds must be transferred from the 16 subsidiary to the 15 subsidairy in the MDC Account. This will, of course, require the approval of the budget bureau. In order to begin this process immediately, the Division of Watershed Management must also spend # 15 subsidiary monies for vehicle purchases under special authorization.

In consideration of all the positive aspects that the proposed Transportation system puts forth, I propose that we adopt the new Transportation System for the M.D.C. Division of Watershed Management as soon as possible.